GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4638
ANSWERED ON:23.12.2005
INDOCHINA AGREEMENT
Masood Shri Rasheed

Will the Minister of FINANCE be pleased to state:

(a) whether any agreement has reached between the National Stock Exchange of India and the Share Market of China;

(b) if so? the details thereof;

(c) the time by which the said agreement is likely to be implemented; and

(d) whether the interests of shareholders will be fully safeguarded under the said agreement ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) Yes. Sir. The National Stock Exchange of India Ltd. and Shenzhen Stock Exchange, Shenzhen, China have entered into a Memorandum of Understanding (MOU).

(b)to(d) The MOU is for the purpose of provision of information and cooperation between the parties with respect to,inter alia, investor education and awareness, regulatory framework, technology and development thereon, staff training, research and seminars. The MOU is of non-binding nature for either party and is subject to national laws in each country and international treaties at all times.The MOU does not create any right to either party to demand delivery of information or services covered under the MOU and neither party would in any circumstance be liable to the other for any failure to provide any information or services. The MOU is for a period of five years with effect from 1st November 2005, but can be terminated by either party with a three months` prior notice to the other for any reason whatsoever.

The MOU will enable both exchanges to share information and experience for better regulation of the market on issues such as risk containment measures, market surveillance and membership standards, investor education and awareness which will enable either exchange to adopt better practices prevailing in the other exchange.